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NSC BRIEFING

9 May 1957

SOVIET ECONOMIC REORGANIZATION

- I. At (7 May) Supreme Soviet Khrushchev proposed his already announced reorganization industrial administration.
 - A. Most of 36 economic ministries now in Moscow to be abolished.
 - B. Centralized control by Moscow to be continued by beefing up State Planning Commission.
 - C. Moreover, key ministries running military production, atomic energy, electric power, and transport facilities to be retained in Moscow.
 - D. Other ministries, responsible for coal, oil, timber and metals, may also be retained but moved to the Union Republic where their particular industrial activities are centered.
 - E. Functions of ministries not retained to be transferred to 92 "economic councils" set up on regional basis.
- II. Reorganization to be carried out in two months to prevent sag in efficiency (but such speed will be disruptive.)
- III. Khrushchev said reorganization not related to economic difficulties but avoided mention of 1956 shortfalls or relatively modest 1957 plan.
 - A. We see difficulties: failure to meet new construction goals; shortage of materials and labor.
 - B. 1960 goals hard to achieve.

12
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